

FACULTY OF LAW,
UNIVERSITY OF TORONTO

BORA LASKIN LAW LIBRARY

31761 10084560 1



ENTERTAINMENT & SPORTS LAW WORKSHOP

"Broadway Financing: A Case Study of the Cats Tour"

STEPHEN I. SELZNICK
March 20, 1987

Workshop Moderator: Gordon I. Kirke, Q.C.

Workshop Co-ordinators:

Michele Reid
John Morayniss

The University of Toronto Entertainment & Sports Law Workshop is funded through the generosity of the law firms of Goodman & Goodman and Smith, Lyons, Torrance, Stevenson & Mayer, Dean J. R. S. Prichard and the University of Toronto Students' Law Society.

Storage
KF
4296
A75
B76
1987
c.1

KF
4296
A75
B76
1987
c-1

LAW LIBRARY

AUG 19 1987

FACULTY OF LAW

UNIVERSITY OF TORONTO

No. _____

PRIVATE OFFERING MEMORANDUM

This is not a prospectus or a public offering of this investment. This information has been prepared for the purpose of solicitations to no more than 50 prospective purchasers to invest in the Limited Partnership hereinafter described. This is a confidential document. By their acceptance hereof, prospective purchasers agree that they will not transmit or make available to anyone this Offering Memorandum or any information contained herein.

NO SECURITIES COMMISSION OR SIMILAR AUTHORITY IN CANADA HAS IN ANY WAY PASSED UPON THE MERITS OF THE INVESTMENT DESCRIBED HEREBY AND ANY REPRESENTATION TO THE CONTRARY IS AN OFFENCE. Partners may be required to execute written statements as to their net worth or level of taxable income.

THE CATS TOUR COMPANY
80 LIMITED PARTNERSHIP UNITS
HAVING AN AGGREGATE PURCHASE PRICE
OF \$2,000,000.00

SUBSCRIPTION PRICE: \$25,000.00 PER UNIT
MINIMUM SUBSCRIPTION: 1 UNIT

THESE SECURITIES ARE SPECULATIVE (see "Risk Factors" on page 47). THERE IS NO PUBLIC MARKET FOR THE UNITS AND THEY ARE NOT SUITABLE FOR PURCHASERS WHO MAY NEED TO LIQUIDATE THEIR INVESTMENT. PROSPECTIVE PURCHASERS SHOULD CONSIDER THE MERITS OF THIS INVESTMENT IN ADDITION TO ANY INCOME TAX BENEFITS, REVIEW CAREFULLY THE ENTIRE CONTENTS OF THIS OFFERING MEMORANDUM AND CONSULT THEIR TAX AND OTHER PROFESSIONAL ADVISORS HAVING RELEVANT EXPERTISE.

M.T.E. TOURING CO. LTD., (the "General Partner") offers 80 units of interest ("Units") in THE CATS TOUR COMPANY (the "Limited Partnership"), a limited partnership organized under the laws of the Province of Ontario and registered pursuant to the provisions of the Limited Partnerships Act (Ontario). The objectives of the Limited Partnership are to produce and manage a three City National Tour of the play entitled "CATS" (the "Play"), a dramatico-musical play with music by Andrew Lloyd Webber and based on T.S. Eliot's "Old Possum's Book of Practical Cats".

Those who purchase Units will become limited partners (the "Limited Partners") in the Limited Partnership.

No commission is payable to any person or company for the sale of this investment. Consulting fees, including legal and accounting, will be paid by the Limited Partnership.

Subscriptions will be received subject to rejection or allotment in whole or part and the right is reserved to close the subscription books at any time without notice. A confirmation of acceptance will be forwarded to the subscriber promptly after its acceptance by the General Partner.

The Trustee for the closing under this Offering will be Messrs. Price, Waterhouse, Chartered Accountants, a firm of chartered accountants having offices in the City of Toronto, Ontario.

Unless otherwise specifically stated, all dollar amounts expressed in this Offering Memorandum are stated in Canadian currency.

TABLE OF CONTENTS

	<u>PAGE</u>
SUMMARY OF OFFERING MEMORANDUM.....	6
Definitions	6
Securities Offered	6
Amount of Offering	6
General Partner and Promoter	6
Limited Partners	6
Business	6
Production Rights	7
Income Tax Considerations	7
Allocation Among Partners	8
Distributions to Partners	9
Marketability	10
Risk Factors	10
Closing Date	10
THE PLAY	10
THE LIMITED PARTNERSHIP	11
THE GENERAL PARTNER	12
General	12
M.T.E. Tourco Ltd. (the "General Partner")	12
Directors and Officers of the General Partner	12
Principal Holders of Securities of the General Partner	13
THE BUSINESS OF THE LIMITED PARTNERSHIP	13
General	13
The Underlying Rights Agreement	14
The Production Agreements	14
The Rights Agreement	15
The Materials License	16
The National Tour of the Play	16
The Theatres	17
Summary of Obligations Assumed	18
- Production Obligations	18
- Production Standards	19
- Payment Obligations	20
- Miscellaneous Obligations	23
- Termination for Breach and Non-Disturbance Arrangement	24

PRINCIPAL CREATIVE PERSONNEL	26
Andrew Lloyd Webber - one of the Authors	26
T. S. Eliot - one of the Authors	26
Trevor Nunn - Director of the London and New York Productions	26
Gillian Lynne - Choreographer of the London and New York Productions	27
John Napier - Set and Costume Designer of the London and New York Productions	27
David Hersey - Lighting Designer of the London and New York Productions	28
Tina M. Vanderheyden - one of the Producers	28
Marlene D. Smith - one of the Producers	29
Ernest R. Rubenstein - one of the Producers	29
Cameron MacIntosh - one of the Producers of the London and New York Productions	30
The Really Useful Company, Ltd. - the Owner of the Performance Rights in and to the Play and one of the Producers of the London Production	30
The Shubert Organization, Inc. - a principal of THE CATS COMPANY, the Licensee of the North American Production Rights in and to the Play, and one of the Producers of the New York Production	30
R. Tyler Gatchell and Peter Neufeld - General Management Consultants for the New York and National Tour productions	31
INTERIM FINANCING	31
USE OF PROCEEDS	32
THE BUDGET, PROJECTED REVENUE, WEEKLY OPERATING EXPENSE AND PRO FORMA RETURN.....	32
COMMERCIAL EXPLOITATION OF THE LIMITED PARTNERSHIP'S PRODUCTION OF THE PLAY	34
CARRIED INTEREST	34
SUMMARY OF PARTNERSHIP AGREEMENT	35
Business	35
Formation and Term	35
Capital	36
Nature of the Units	36
Additional Funding Requirements	37
Meetings	39
Remuneration of General Partner	40
Reimbursement	40
Allocations To and Distributions Among the Partners	41
Reporting	41

Sale of Limited Partnership Assets	41
Removal of General Partner	42
INCOME TAX ASPECTS	42
General	42
Nature of a Limited Partnership	42
Capital Cost Allowance	44
Current Expenses	44
Disposition of a Unit	45
Disposition of Capital Property	46
Dissolution of the Limited Partnership	46
Tax on Paid-up Capital of a Corporate Partner	46
RISK FACTORS	47
No Public Market for Units	47
Loss of Limited Liability	47
Expiration of Basic Rights	49
Errors and Omissions	50
Insufficient Partnership Contributions	50
Risk of the Theatrical Business	51
Merits as an Investment	51
TRUST ARRANGEMENTS	51
SUBSCRIPTION FOR UNITS	52
CONDITIONS OF CLOSING	53
PROMOTER AND MANAGEMENT INTERESTS - CONFLICTS OF INTEREST	53
MATERIAL CONTRACTS	54
CONTRACTUAL RIGHT OF ACTION	55
DATE OF OFFERING MEMORANDUM	56
APPENDICES	58
Appendix "A" - The Budget	
Appendix "B" - Projected Revenue, Weekly Operating Expenses and Pro Form Return	
Appendix "C" - Form of Limited Partnership Agreement	
Appendix "D" - Form of Promissory Note	
Appendix "E" - Model Letter of Credit	
Appendix "F" - Form of Subscription	

